

GAO

Fact Sheet for the Chairman, Committee  
on the Budget, and the Chairman, Select  
Committee on Children, Youth, and  
Families, House of Representatives

March 1990

## USER FEES

AD-A281 153



# Limited Survey of User Fees at the Departments of Commerce and the Interior



94-20769





United States  
General Accounting Office  
Washington, D.C. 20548

Accounting and Financial  
Management Division

B-238701

March 23, 1990

The Honorable Leon Panetta  
Chairman, Committee on the Budget  
House of Representatives

The Honorable George Miller  
Chairman, Select Committee on  
Children, Youth, and Families  
House of Representatives

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This report responds to your March 13, 1989, request in which you asked us to prepare a compendium of all fees the government charges for its goods and services and to provide information on whether executive branch departments periodically modify fees to reflect their current dollar value. In subsequent discussions, it was agreed we would limit our work to selected organizational entities within the Departments of Commerce and the Interior. It was also agreed that we would include in our report a statement on whether the Office of Management and Budget (OMB) and six executive branch departments have implemented the recommendations contained in the President's Council on Integrity and Efficiency's (PCIE) recent report on user fees.<sup>1</sup>

RESULTS IN BRIEF

Officials at the Departments of Commerce and the Interior told us that detailed user fee information is usually kept in the field and that neither department has a central office or official who monitors this information. Without this complete and readily accessible information, we were unable to prepare a comprehensive compendium of user fees for these two departments.

Because of the lack of detailed user fee information, we were also unable to determine whether the departments are periodically adjusting their fees to compensate for

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<sup>1</sup>Audit of the Establishment and Collection of User Charges, President's Council on Integrity and Efficiency, February 10, 1989.

inflation. However, from the limited information we were provided, we found indications that while some types of fees have been reviewed and revised recently, others have not. (See appendix I.) We also found that there are legitimate reasons for not revising some fees. For example, fees established by federal statute, through competitive bidding, or in contract negotiations are usually not permitted to be administratively or unilaterally changed by the departments.

Regarding implementation of the recommendations contained in the PCIE's report on user fees, OMB is currently reviewing its financial management circulars to consolidate federal policy on financial management, including user fees. The offices of inspector general which took part in the PCIE audit indicate that the six departments involved are reviewing their user fee policies and procedures for the purpose of improving management's control and oversight. (See appendix II.)

#### BACKGROUND

From 1959 to 1974, executive branch departments were required to file an annual report with the Bureau of the Budget (now called OMB), detailing the costs incurred and fees charged by each of their bureaus and organizational units. In April 1974, OMB discontinued this requirement because most of the fee information it was receiving was incomplete and inaccurate. Given the seriousness of the current federal budget deficit, some Members of Congress have expressed concern that the government may be experiencing substantial financial shortfalls because it fails to periodically review and revise the fees charged for the lease, purchase, or use of its goods, services, and resources.<sup>2</sup>

#### OBJECTIVES, SCOPE, AND METHODOLOGY

Our objectives were to determine whether (1) detailed fee information is readily available at the Departments of Commerce and the Interior to prepare a comprehensive compendium of user fees for those departments, (2) the Departments of Commerce and the Interior are periodically

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<sup>2</sup>For purposes of this report, the term "fee" encompasses receipts to the U.S. Treasury such as rents, royalties, bonuses, etc.

revising their user fees to compensate for inflation, and (3) the six executive branch departments who participated in the PCIE audit of user fees are implementing the PCIE report's recommendations.

At the Department of Commerce, we contacted officials in the National Institute of Standards and Technology and the National Oceanic and Atmospheric Administration because these entities accounted for approximately \$29.3 million of Commerce's \$32.6 million in fiscal year 1988 Treasury receipts (the most recent fiscal year for which receipt data was available). At the Department of the Interior, we contacted officials in the Minerals Management Service, the Bureau of Reclamation, and the Bureau of Land Management because these entities accounted for approximately \$3.7 billion of Interior's \$4.0 billion in fiscal year 1988 Treasury receipts.

From each of the entities contacted, we requested a list of all fees charged the public. Specifically, we asked for the name of each fee, the identity of the person or office with the authority to review and revise the fee, the frequency of review, the date when the fee was last reviewed, the date when the fee was last revised, the amount of the fee before the last review, and the current amount of the fee.

We also contacted officials at OMB and six offices of inspector general to determine what actions have been taken in response to the recommendations in the PCIE's February 1989 report on user fees.

We did not attempt to verify the information we obtained, and we did not obtain official agency comments on this report. However, the views of cognizant headquarters officials were sought during the course of our work and are incorporated in this report where appropriate. We conducted our work from June 1989 to January 1990.

DETAILED INFORMATION IS NOT AVAILABLE  
TO PREPARE A USER FEE COMPENDIUM

In response to our request for information, headquarters officials in the organizational entities at Commerce and the Interior told us that detailed information on individual fees is usually maintained in the local facilities and field offices where fees are collected, goods are sold, and contracts are negotiated. Information

available at the headquarters level pertains primarily to the administration of fee policy and the aggregation of fee revenues. Neither Commerce nor the Interior has a central office or official who has detailed information on that department's fees.

We were also told that detailed information on fees contained in government contracts is available only by contacting each contracting official. Bureau of Reclamation officials stated that they have over 1,750 contracts with various companies, counties, towns, districts, and state and local agencies to provide agricultural, municipal, and industrial water service. Bureau officials also estimate that there are a similar number of contracts in effect to recover the capital costs associated with building the dams, irrigation ditches, and pumping stations to provide the water service. Since each contract was negotiated individually and its documentation is kept in the field, bureau officials are unsure as to how many contracts actually exist and have only recently begun to compile a contract inventory. Therefore, because of the large number of contacts that would have been necessary, we agreed not to conduct a field-location-by-field-location search to identify and verify individual user fees for inclusion in a comprehensive compendium.

INFORMATION IS NOT READILY AVAILABLE TO DETERMINE  
WHETHER USER FEES ARE BEING PERIODICALLY MODIFIED

To determine whether the entities we contacted were periodically adjusting their user fees to compensate for inflation, we requested information on when fees are required to be reviewed and when they were actually reviewed and last revised. Fee information in such detail is not readily available at the headquarters level in the Departments of Commerce and the Interior. However, officials at the entities we contacted were able to provide limited information regarding fee reviews on 78 types of user fees. These types vary from charges for maps and charts to royalties from mineral leases to fees for grazing rights. The number of individual fees in each type, where known, ranges from 1 to over 1,750.

The officials we contacted could provide specific information on when fees were supposed to be reviewed for 17 of the 78 fee types: 15 types are to be reviewed annually, 1 semi-annually, and 1 every 3 years. Of the 17 types, 12 had been reviewed within a year of our request

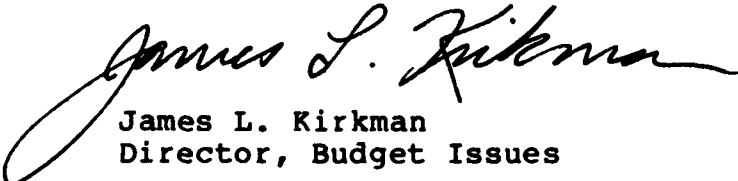
while the fee type required to be reviewed every 3 years was last reviewed in 1987. The dates of last review for the other 4 were not available.

Information on when fees were actually last reviewed was provided for 47 of the 78 fee types. Of these 47, 30 were reviewed within the last 2 years, 12 within the last 2 to 5 years, and 5 more than 5 years ago. However, the officials we contacted could not always provide dates for both review and revision. Dates when fees were last revised were provided for 30 of the 78 types. Of these 30, 17 were revised within the last 2 years, 3 within the last 2 to 5 years, and 10 more than 5 years ago.

#### SOME FEES CANNOT BE ADMINISTRATIVELY REVISED

The fee information provided by some of the entities also identifies certain factors which legitimately inhibit fee revision in some instances. Fees usually may not be administratively revised when they are established by federal statute or through contract negotiations and competitive bids. For example, four of the Bureau of Land Management's filing fees for the purchase of mining patents were established by statute in the 1870s and cannot be administratively revised by the entity. The Bureau of Reclamation administers over 3,000 water service contracts, most of which were negotiated for terms of 40 to 50 years. Fees established in a contract usually cannot be revised until the contract expires.

We will send copies of this report to the Director, Office of Management and Budget; the Secretary, Department of Commerce; the Secretary, Department of the Interior; and other interested parties. Please contact me at (202) 275-9573 if you or your staff have any questions concerning this report. Other major contributors to this report are listed in appendix III.



James L. Kirkman  
Director, Budget Issues

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## ABBREVIATIONS

AUM	animal-unit-month
CONUS	Continental United States
OIG	Office of Inspector General
OMB	Office of Management and Budget
PCIE	President's Council on Integrity and Efficiency

INFORMATION PROVIDED ON FEES CHARGED  
FOR GOVERNMENT GOODS AND SERVICES

Tables I.1 and I.2 contain fee information provided by officials in the entities we contacted at the Departments of Commerce and the Interior. The lack of specific information on when fees were last reviewed and revised does not necessarily mean the fees have not been recently reviewed or revised; it only means that the information was not readily available to headquarters personnel. We did not attempt to verify any of the information provided.

**Table I.1: Fee Information Provided by Selected Department of Commerce Entities**

<u>Fee type &amp; number</u>	<u>Required frequency of review</u>	<u>Last reviewed<sup>a</sup></u>	<u>Last revised<sup>a</sup></u>	<u>Fee before last review</u>	<u>Current fee</u>	<u>GAO observations</u>
<b><u>National Institute of Standards and Technology</u></b>						
Standard reference database (38 fees)	Annually	With each database upgrade	Aug 89	Unknown	\$190 to \$8,200	Magnetic tape & diskette under license agreement
Standard reference materials (1,200+ fees)	Annually	Apr 89	1989	\$15 to \$3,890	\$15 to \$3,772	
National voluntary laboratory accredita- tion program (49 fees)	Annually	Aug 88	Unknown	\$20 to \$3,800	\$20 to \$3,800	



# APPENDIX I

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Freedom of Informa- tion Act requests (4 fees)	No pattern	1986	Unknown	\$0.07/pg to \$10/hour	\$0.07/pg to staff salary rate	
Calibration services (490+ fees)	Semi- annually	Mar 89	1989	Unknown	\$12 to \$50,000+	Revised as required
<u>National Oceanic and Atmospheric Administration</u>						
Maps & charts (106 fees)	Annually	Mar 89	Oct 88	\$1.25 to \$600	\$1.25 to \$600	Selected fees raised
National Weather Service (7 fees)	Annually	Jul 89	Jul 89	\$2,500 to \$24,500	\$2,500 to \$21,000	Fee = cost divided by number of subscribers
Foreign fishing operations (35 fees)	Annually	Feb 89	Unknown	\$61.76 to \$2,450.59 per metric ton	\$61.76 to \$2,450.59 per metric ton	
Vessel & gear damage (1 fee)	Unknown	Unknown	Unknown	\$75	\$75	Application fee set by Congress
Foreign fishing observer (1 fee)	Annually	Aug 88	Aug 88	\$7,219	\$7,222	Fee = salary of observer while on fishing vessel

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Marine Mammals Protection Act public permit (1 fee)	No pattern	Jan 74	Jan 74	\$0	\$25 to \$200	Application fee
Marine Mammals Protection Act exemption (1 fee)	Annually	Established in 1989	N/A	N/A	\$30	Application fee
National environ- mental satellite, data, and information service (115 fees)	Annually by data center	1989	1989	\$0 to \$950	\$0.10/pg to \$951	Selected fees raised
Oceanic & atmospheric research (1 fee)	Annually	Jul 88	Jul 88	\$26	\$37	Sells one product

<sup>a</sup>The terms "last reviewed" and "last revised" refer to the last time fees were reviewed or changed either by the departments or by the Congress.

Table 1.2: Fee Information Provided by Selected Department of the Interior Entities

<u>Fee type &amp; number</u>	<u>Required frequency of review</u>	<u>Last reviewed<sup>a</sup></u>	<u>Last revised<sup>a</sup></u>	<u>Fee before last review</u>	<u>Current fee</u>	<u>GAO observations</u>
<u>Minerals Management Service</u>						
Outer continen- tal shelf annual rent (# Unk.)	Annually	Unknown	Unknown	Unknown	\$3/acre	Fee since at least 1981
Outer continen- tal shelf lease sale bonuses (# Unk.)	Per contract	Unknown	1987	Unknown	\$25/acre (minimum)	Fair market value
Outer continen- tal shelf royalties (# Unk.)	Per contract	Unknown	Unknown	Unknown	12.5% to 65% profit sharing, or 33.5% flat rate	Negotiated fees
Outer continen- tal shelf royalties- in-kind (# Unk.)	Per contract	Unknown	Unknown	Unknown	Varies by contract	Negotiated fees
Product value guidelines (# Unk.)	At the Secretary's discretion	Unknown	Mar 88	Unknown	Commodity value less negotiated costs	Negotiated fees

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Pipeline rental (# Unk.)	Unknown	1988	1979	Unknown	\$15/mile	
Royalties- in-kind adminis- tration (# Unk.)	Unknown	Jul 88	Unknown	Unknown	\$68.50 per lease (average)	Administrative costs
Pipeline application (# Unk.)	Unknown	Jul 88	1988	\$100	\$1,400	Filing fee
Pipeline assignment (# Unk.)	Unknown	Jul 88	1988	\$25	\$50	
Platform rental (# Unk.)	Unknown	Jul 88	Unknown	\$75	\$75	Fee since at least 1981
Lease ownership transfer (# Unk.)	Unknown	Jul 88	Unknown	\$25	\$25	Fee since at least 1981
Printing costs (6 fees)	Unknown	Unknown	Unknown	Unknown	\$0.13/pg to \$470	Printing costs for staff and computer time

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Freedom of Informa- tion Act requests (# Unk.)	Unknown	Unknown	Unknown	Unknown	\$0.13/pg to hourly rate of researcher	
Canozolic volume (2 fees)	Unknown	Unknown	Unknown	Unknown	\$150 and \$300	
<u>Bureau of Reclamation</u>						
Repayment contracts (1,700+ fees)	No pattern	Varies by contract	Unknown	Actual cost	Actual cost	
Repayment of over- head & maintenance charges (1,700+ fees)	Annually	Varies by contract	Unknown	Actual cost	Actual cost	
Sale of agricul- tural water (1,750+ fees)	Annually	Varies by contract	Unknown	\$0.04 to \$25 per acre-foot	\$0.04 to \$25 per acre-foot	
Sale of municipal & indus- trial water (1,750+ fees)	Annually	Varies by contract	Unknown	\$0.17 to \$85 per acre-foot	\$0.17 to \$85 per acre-foot	

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Sale of electric energy (# Unk.)	Varies by contract	Varies by contract	Unknown	\$0.50 to \$7.89 mills per kilowatt- hour	\$0.50 to \$9.92 mills per kilowatt- hour	
Technical assistance to foreign countries (# Unk.)	Case-by- case	Unknown	Unknown	Actual cost	Actual cost	
Outgrants (# Unk.)	Varies by outgrant	Varies by outgrant	Unknown	Fair market value	Fair market value	
Recreation fees (# Unk.)	No pattern	Varies by regional director	Unknown	\$0.50 to \$5 per visit	\$1 to \$7 per visit	
Examining small project submissions (# Unk.)	No pattern	1986	Unknown	\$1,000 per application	\$5,000 per appli- cation	Fee set by law
Providing plans, specifica- tions, & other materials (# Unk.)	Case-by- case	Unknown	Unknown	Actual cost	Actual cost	

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Freedom of Informa- tion Act requests (# Unk.)	No pattern	1987	1987	\$10/hour	\$9.20/hr to \$19.40/hr	
Copying documents (# Unk.)	No pattern	1987	Unknown	\$0.13/pg	\$0.13/pg	
<u>Bureau of Land Management</u>						
<u>Lands and Realty</u>						
Exchange or sale of federal lands (8+ fees)	Case-by- case	Varies by contract	Unknown	\$0 to \$100	\$15 to \$100	Application fee
Lease or use of federal lands (25+ fees)	Case-by- case	Varies by contract	Unknown	\$0 to \$100	0 to \$100	Application fee
Management of federal lands (2+ fees)	Case-by- case	Varies by contract	Unknown	\$100 or appraised value	\$100 or appraised value	Application fee
Right-of- way costs (12+ fees)	No pattern	Jul 87	Jul 87	\$20/mile to \$100 per 40 acres	\$25 to actual cost	Prior fees were successfully challenged in court

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Right-of- way rental (160+ fees)	No pattern	Jul 87	Unknown	Fair market value	Fair market value	Rental rate per acre adjusted by state/district
Timber sales (# Unk.)	Varies by contract	Varies by state	Unknown	Unknown	\$5 to \$500 per thou. board ft.	Fee set by negotiation or competitive bid
Site prepar- ation (# Unk.)	Varies by district	Varies by district	Unknown	Unknown	Varies by contract	May work in lieu of paying fees
Vegetative materials receipts (# Unk.)	Varies by state	Varies by contract	Unknown	Unknown	Varies by contract	Fee set by negotiation or competitive bid
Wild horses & burros (2 fees)	No pattern	1983	1983	\$200/horse & \$75/burro	\$125/horse \$75/burro	Application fee
Grazing fees -CONUS (1 fee)	Annually	Mar 89	Mar 89	\$1.54 per animal-unit- month (AUM)	\$1.86/AUM	
Grazing fees -Alaska (1 fee)	Every 3 years	1987	Unknown	\$1.10 AUM	\$1.10 AUM	



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Grazing applica- tion (# Unk.)	No pattern	1982	Unknown	\$10	\$10	Application fee

Energy and Mineral Resources

Coal licenses (# Unk.)	No pattern	1982	1979	\$0 to \$10	\$10 to \$250	Applicat fee
Coal rental (# Unk.)	No pattern	Unknown	1979	\$0.25 to \$1 per acre	\$3/acre	
Coal royalties (# Unk.)	No pattern	Unknown	1977	\$0.05/ton (minimum)	12.5% (surface); 8% (under- ground)	
Coal bonuses (# Unk.)	No pattern	Unknown	1982	Higher of appraised value or \$25/acre	Higher of appraised value or \$100/acre	
Other solid minerals use & lease permits (# Unk.)	No pattern	1986	1984 & 1986	\$10	\$25	Application fees
Other solid minerals rental (# Unk.)	No pattern	1986	1984	\$0.25 to \$1 per acre	\$0.25 to \$1 per acre	Negotiated annual rental

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Other solid minerals royalties (\$ Unk.)	No pattern	Varies by contract	Unknown	Unknown	Varies by contract	
Other solid minerals bonuses (\$ Unk.)	No pattern	Varies by contract	Unknown	Unknown	20% of bid	
Mining law adminis- tration (14 fees)	No pattern	12 in 1988 1 in 1962 1 in 1949	1988 Unknown Unknown	\$0 to \$25 \$10 \$10	\$5 to \$250 \$10 \$10	Filing fee
Mining law patent purchases (5 fees)	No pattern	1988	2 in 1872 2 in 1876 1 in 1960	\$2.50 to \$5/ acre, \$5/acre \$2.50/acre	\$2.50 to \$5 \$5/acre \$2.50/acre	Filing fee set by Congress
Survey of mining claims -CONUS (2 fees)	No pattern	1985	Unknown	Unknown	\$500 for 1st claim; \$200 each add. claim	Filing fee (may be increased by each state)
Survey of mining claims -Alaska (2 fees)	No pattern	1985	Unknown	Unknown	\$625 for 1st claim; \$250 each add. claim	Filing fee (may be increased by the state)
Mineral materials (2 fees)	No pattern	1983	Unknown	High bid or fair market value	High bid or fair market value	Fair market value is based on appraisal

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Oil & gas leasing adminis- tration (\$ Unk.)	No pattern	1988	1988	\$0 to \$75	\$25 to \$75	Application fee
Oil & gas leasing rental (\$ Unk.)	No pattern	1988	1988	\$1 to \$3 per acre	\$1.50 to \$2/acre	Rates set for 1 to 5 years and 6 to 10 years
Oil & gas royalties (\$ Unk.)	No pattern	1988	Unknown	12.5%	12.5%	
Oil & gas bonuses (\$ Unk.)	No pattern	1988	1988	Appraised value	\$2/acre (minimum)	
Geothermal leasing adminis- tration (4 fees)	No pattern	1989	Unknown	\$50 to sharing costs	\$50 to sharing costs	Application fee
Geothermal rental (1 fee)	No pattern	1989	Unknown	\$1/acre (minimum)	\$1/acre (minimum)	
Geothermal royalties (1 fee)	No pattern	1989	Unknown	10% to 15%	10 to 15%	

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Geothermal bonuses (1 fee)	No pattern	1989	Unknown	20% of bid	20% of bid	
Geothermal in-lieu-of production (2 fees)	No pattern	1989	1989	Unknown	\$3 to \$6/acre	
Geophysical operations -Alaska (2 fees)	No pattern	1988	Unknown	\$25	\$25	Filing fee

Publication Costs

Freedom of Informa- tion Act requests (# Unk.)	No pattern	Nov 87	Unknown	\$0.13/pg to researcher's hourly rate	\$0.13/pg to researcher's hourly rate
Copying fees for documents (# Unk.)	No pattern	Varies by state	Unknown	Varies by state	Varies by state
Copying fees for maps (# Unk.)	No pattern	Varies by state	Unknown	Varies by state	Varies by state

<sup>a</sup>The terms "last reviewed" and "last revised" refer to the last time fees were reviewed or changed either by the departments or by the Congress.

PCIE's AUDIT OF THE ESTABLISHMENT  
AND COLLECTION OF USER CHARGES

The President's Council on Integrity and Efficiency (PCIE) recently took a selective look at the effectiveness of policies and procedures relating to the establishment and collection of user charges at the Departments of Agriculture, Defense, the Interior, Transportation, Housing and Urban Development, and Health and Human Services. The PCIE report, issued February 10, 1989, found that the six departments lacked an effective system for monitoring and promoting user charges and that they failed to collect user charges in all applicable cases. The report concluded that effective user charge programs in the departmental entities reviewed could have resulted in collection of an additional \$476 million from existing programs and that another \$770 million could be realized annually if certain legislative restrictions were removed.

The PCIE recommended that OMB and the executive branch departments become more actively involved in the user fee area. Specifically, the departments should (1) work with OMB in obtaining legislative relief to remove impediments which prevent the charging or changing of user fees and (2) appoint a department-level official to monitor the establishment and collection of user fees and to approve all exemptions to established user fee policy. The PCIE also recommended that OMB (1) revise its Circular No. A-25, "User Fees," to include more precise definitions and to reestablish the annual requirement for departments to report the status of their user fees and (2) follow up on annual user fee reports where the data supplied is incomplete or inaccurate.

We contacted officials at OMB and the six offices of inspector general (OIG) that took part in this PCIE audit to determine what had been accomplished in connection with the PCIE's recommendations. An OMB official stated that his agency is currently reviewing all of its financial management circulars in order to consolidate federal financial management policy and procedures. As a result, some circulars will be combined with others and some will be eliminated. OMB Circular No. A-25 (which establishes federal policy and provides agency guidance for the establishment, collection, and disposition of fees assessed for government services, property, and resources) has been identified as one to be modified, but it has not yet been finalized.

The OIG officials we contacted stated their departments are awaiting direction from OMB regarding the annual reporting of user fee data and the appointment of a department-level official to monitor the establishment and collection of user fees. In the interim, the departments are reviewing their user fee programs to

strengthen management control and oversight and to increase user fee revenues.

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